

Message Text

LIMITED OFFICIAL USE

PAGE 01 MADRID 06779 301114Z

43

ACTION EUR-12

INFO OCT-01 IO-04 ISO-00 SAM-01 EB-04 PM-03 NSC-05 SP-02

SS-15 RSC-01 CIAE-00 DODE-00 INR-05 NSAE-00 PA-01

USIA-06 PRS-01 COME-00 SIL-01 LAB-01 /063 W

----- 035643

R 300945Z OCT 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 314

INFO USMISSION EEC BRUSSELS

US MISSION GENEVA 600

US MISSION OECD PARIS 3323

LIMITED OFFICIAL USE MADRID 6779

E.O. 11652: N/A

TAGS:

SUBJ: NEW SPANISH ECONOMIC PROGRAM

1. SUMMARY: GOS ANNOUNCED OCT. 25 INTENTION TO IMPELMENT BROAD SCALE ECONOMIC PROGRAM FOR 1975 DESIGNED TO HOLD UNEMPLOYMENT TO 2 PERCENT, REDUCE INFLATION BY UP TO 4 PERCENT, RECTIFY PRESENT IMBALANCE IN FOREIGN ACCOUNTS, AND PRODUCE GNP GROWTH OF 4.5 PERCENT IN REAL TERMS. EXACT DETAILS OF MOST OF PROGRAM ARE STILL TO BE ANNOUNCED. SPECIFICS MENTIONED SO FAR INCLUDE REDUCTION OF FUEL OIL FOR DOMESTIC AND INDUSTRIAL PURPOSES (BUT NOT, SIGNIFICANTLY, OF MOTOR GASOLINE), REINSTATEMENT OF 5 PER CENT TARIFF REDUCTION IMPLEMENTED IN JANUARY, AND IMPOSITION OF GLOBAL QUOTAS ON CERTAIN UNNAMED PRODUCTS, IMPORTATION OF WHICH HAD BEEN PREVIOUSLY LIBERALIZED. BASED ON WHAT HAS BEEN RELEASED SO FAR, PROGRAM IS QUITE GENERAL IN NATURE AND CALLS FOR NO MAJOR ADJUSTMENTS OR RESTRICTIONS. WITHIN FRAMEWORK IT ESTABLISHES, THERE IS SOME POSSIBILITY FOR SIGNIFICANT MEASURES, BUT THESE APPEAR UNLIKELY. AT PRESENT PROGRAM SEEMS TO BE MORE ONE OF WINDOW DRESSING THAN OF SUBSTANCE. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MADRID 06779 301114Z

2. MINISTER OF FINANCE BARRERA DE IRIMO ANNOUNCED OCTOBER 25 THAT COUNCIL OF MINISTERS HAD APPROVED A BROAD ECONOMIC PROGRAM DESIGNED PRINCIPALLY TO LIMIT UNEMPLOYMENT TO 2 PERCENT, REDUCE RATE OF INFLATION BY UP TO 4 PERCENT AND ENSURE A GROWTH RATE OF 4.5 PERCENT IN 1975. CITING "IMPORTANT DIFFICULTIES ON THE HORIZON," BARRERA OUTLINED IN GENERAL TERMS A PROGRAM CALLING FOR, AMONG OTHER THINGS, REDUCED IMPORTS AND CONSUMPTION (PARTICULARLY OF PETROLEUM), INCREASED GOVERNMENT AND PRIVATE INVESTMENT, NEW AGRICULTURAL ASSISTANCE, GOVERNMENT CONTROL OF PRICE MARGINS, INCREASED EXPORT FINANCING, A PROGRAM OF IMPORT SUBSTITUTION FOR INDUSTRIAL PRODUCTS, AND THE REIMPOSITION OF CERTAIN GLOBAL IMPORT QUOTAS AND OF A 5 PERCENT TARIFF REDUCTION IMPELEMTNED IN JANUARY.

3. ASIDE FROM PETROLEUM PROGRAM, FEW DETAILS HAVE BEEN ANNOUNCED. PLAN LIMITS USE OF FUEL OIL FOR HEATING HOMES AND OFFICES TO 80 PERCENT OF PREVIOUS YEAR'S CONSUMPTION AND FOR INDUSTRIAL PURPOSES TO 90 PERCENT OF PREVIOUS YEAR WITH HIGHER PRICE FOR CONSUMPTION OVER 90 PERCENT LEVEL. PUBLIC BUILDINGS ARE TO BE KEPT AT 20 DEGREES CENTRIGRADE, TELEVISION TRANSMISSION TO END AT 1130 P.M. (WHICH IS LITTLE CHANGE), MOST PUBLIC LIGHTING TO BE TURNED OFF AT 1130 P.M, AND CERTAIN MARGINAL AIRLINE FLIGHTS WILL BE DISCONTINUED.

4. EMBASSY COMMENT: WHAT HAS BEEN RELEASED TO DATE IS A VERY GENERAL PROGRAM WHICH SO FAR IMPLIES LITTLE IN THE WAY OF SEVERE BELT-TIGHTENING. THE ANNOUNCEMENT OF SUCH A PROGRAM IS SIGNIFICANT IN SHOWING GOS RECOGNITION THAT DESPITE THE RATHER GOOD SHOWING OF FOREIGN RESERVES IN 1974, THE COUNTRY HAS SOME SERIOUS ECONOMIC DIFFICULTIES WHICH WILL PROBABLY WORSEN IN 1975. HOWEVER, POLITICAL CONSIDERATIONS HERE- AS ELSEWHERE NECESSARILY LIMIT WHAT STEPS CAN BE IMPLEMENTED. FUEL FOR AUTOMOBILES WILL CONTINUE UNRATIONED AND PERHAPS MOST IMPORTANTLY THE MINISTER ANNOUNCED THAT THERE WERE NO PLANS TO CONTROL WAGE INCREASES. THIS, TOGETHER WITH GENERAL PROVISIONS OF PROGRAM, MAKE MUCH OF IT CONTRADICTORY, PARTICULARLY INsofar AS GOS HOPES TO REDUCE INFLATION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MADRID 06779 301114Z

5. MAJOR THRUST OF PROGRAM APPEARS AIMED AT ENSURING NEAR FULL EMPLOYMENT THROUGH INCREASED INVESTMENT AND AT REDUCING TRADE DEFICIT THROUGH MILDLY RESTRICTIVE MEASURES ON IMPORT SIDE. LIP SERVICE IS PAID TO SUPPLY AND EXPORT SIDE. DETAILS AND IMPEMENTATION OF PROGRAM REMAIN TO BE SEEN BUT CLEARLY GOS WILL FIND IT DIFFICULT TO ENFORCE THOSE MEASURES (ON FUEL OIL) SO FAR SPELLED OUT. ACCORDING TO PRESS IMPLEMENTATION OF PROGRAM WILL COMMENCE AS SOON AS DETAILS

ARE WORKED OUT.
RIVERO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, UNEMPLOYMENT, INFLATION, MINISTERIAL MEETINGS, ECONOMIC PROGRAMS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MADRID06779
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740309-0879
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974107/aaaaafoc.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by boyleja>; APPROVED <07-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW SPANISH ECONOMIC PROGRAM
TAGS: EFIN, SP, (BARRERA DE IRIMO, ANTONIO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005